
ISSUE REVIEW

Fiscal Services Division

January 3, 2018



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

FY 2017 FTE Positions and Personnel Costs

ISSUE

This **Issue Review** provides background on the establishment of State government full-time equivalent (FTE) positions, and examines how FTE positions are used in the State's budgeting process and how positions and personnel costs have changed over time. The background information provides a general explanation and understanding of the various aspects of FTE positions. Much of the background information included in this report is reprinted from an **Issue Review** published in 2014.¹

The **Issue Review** does not include FTE positions of the Board of Regents institutions for the following reasons:

- The regents FTE positions are not calculated in the same manner as other State agencies that use the Centralized State Payroll System, due to the unique nature of employment through the academic school year,
- The regents institutions comprise nearly 60.0% of the total FTE positions and personnel costs in State government, and fluctuations in regents numbers can suppress or distort overall trends, and
- Over 60.0% of the regents personnel costs are funded with restricted funds.²

CODE AUTHORITY

Iowa Code section [8.36A](#)

BACKGROUND

FTE Positions Defined. Language defining an FTE position was added to the Iowa Code in 1990 with the enactment of the Budgetary and Financial Procedures of State Agencies Act ([1990 Iowa Acts, ch. 1247](#)). Iowa Code section [8.36A](#) defines an FTE position as:

“...a budgeting and monitoring unit that equates the aggregate of full-time positions, part-time positions, a vacancy and turnover factor, and other adjustments. One full-time equivalent position represents two thousand eighty working hours, which is the regular number of hours one full-time person works in one fiscal year. The number of full-time equivalent positions shall be calculated by totaling the regular number of hours that could be annually worked by

¹ Dave Reynolds, Fiscal Services Division, Legislative Services Agency, **Issue Review**: State of Iowa FY 2014 FTE Positions and Personnel Costs (January 2015), www.legis.iowa.gov/docs/publications/IR/402721.pdf.

² Each of the institutions under the purview of the Board of Regents has restricted funds that are specifically designated or restricted for a particular purpose or enterprise and include: gifts, sponsored funding from federal and private sources, athletics, and other auxiliary or independent functions such as residence, parking, and utility systems. The funds cannot be used for the general operating costs of the regents institutions.

persons in all authorized positions, reducing those hours by a vacancy and turnover factor and dividing that amount by two thousand eighty hours.”

During the 1987-1989 Legislative Sessions, language defining an FTE position that was nearly identical to the codified language was included annually in session law. Prior to the 1987 Legislative Session, FTE positions were not authorized in legislation for most State agencies. However, there were instances when the General Assembly authorized FTE positions for certain programs as a means of controlling the personnel costs of certain appropriated funds.

There are no provisions in the Iowa Code that require FTE positions to be authorized by the General Assembly in order for a State agency to expend funds for personnel costs. However, the State's centralized payroll system calculates FTE position utilization for agencies that use the system. In addition, for budgeting purposes, all State agencies enter FTE position data in the State budget system regardless of whether or not the FTE positions were authorized in prior legislation.

Definitions of FTE Position Categories Used in State Budget Documents. In order to analyze FTE position data, it is important to understand how FTE position information is categorized and reported on State budget documents. The FTE position data can be divided into the following categories:

- **Actual utilized positions** – At the close of a fiscal year, FTE positions are calculated for all departments that use the Centralized State Payroll System. This includes all departments and agencies except for the Board of Regents institutions and the judicial district departments (i.e., Community-Based Corrections agencies). The FTE position usage is calculated by taking the actual hours in paid status³ during the fiscal year and dividing the number by 2,080 hours. The calculation of each actual FTE position takes into account the vacancies that occur throughout the fiscal year. For example, if a department budgeted a full-time position (equating to 1.0 FTE position) and this position is vacant for six months of the fiscal year, at the close of the fiscal year, the calculation of the actual FTE position is 0.5 (1,040 hrs ÷ 2,080 hrs = 0.5 FTE position). The calculation of an FTE position does not include overtime hours worked.
- **Budgeted positions** – At the beginning of each fiscal year, State agencies enter information in the budget system for the fiscal year beginning July 1. In the budget system, these positions are generally referred to as estimated. State agencies also enter budget information for the fiscal year beginning July 1 of the next fiscal year. This becomes part of the department request and the Governor's recommendation for the General Assembly to consider during the next legislative session. Budgeted FTE positions typically reflect full staffing of agency FTE position levels. However, there may be instances when an agency adds a vacancy factor⁴ if the agency is certain that a position will not be filled on July 1.
- **Authorized positions** – Authorized FTE positions (sometimes referred to as appropriated) refer to positions that are specifically authorized by the General Assembly in session law. The General Assembly only authorizes a portion of State government's FTE positions, and these are typically positions that are associated with annual line-item appropriations. Authorized positions differ from budgeted positions in that departments will include budgeted FTE positions for all funding sources that have salary expenditures; whereas, authorized positions only relate to FTE positions specifically authorized in legislation. Departments typically include authorized positions in the budget at the level authorized in legislation.

³ Paid status refers to an employee actively employed by the State and receiving regular pay.

⁴ A vacancy factor is a numeric reduction to a budgeted FTE position and the corresponding salary and benefit cost in anticipation that the position will be vacant for a certain amount of time throughout the fiscal year.

The authorization of FTE positions is generally used as a way for the General Assembly to control or limit personnel costs relating to appropriated funds. In addition, there are numerous programs established in the Iowa Code that receive operating revenues from a source other than an annual appropriation. While these programs do not receive annual appropriations or FTE position authorization levels, departments fund salaries and benefits for employees working in those programs.

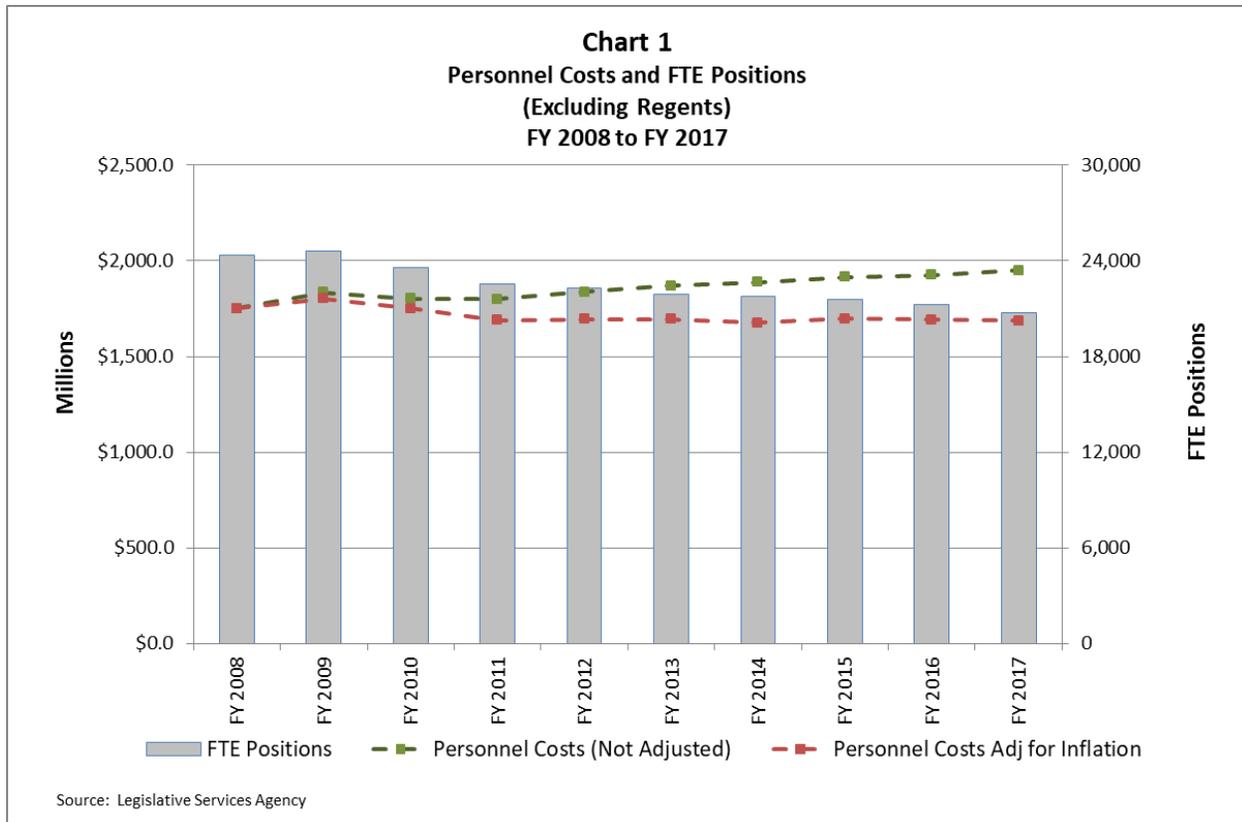
FTE Positions and Personnel Costs. Once the appropriations have been enacted, departments determine their budgets for the coming fiscal year. The finalized budget becomes the Adopted Budget and the numbers in this budget category do not change throughout the fiscal year. Any changes to a department's budget are reflected in the Department Revised Budget category. Additionally, the line item in the budget for salaries and benefits is referred to as Personal Services.⁵

Departments can, and often do, revise their budgets throughout the fiscal year. In some cases, departments move budgeted dollars for personal services available from vacant funded positions to fund increases in other expenditure line items. It has become necessary for departments to leave authorized or budgeted positions vacant to fund the negotiated salary and benefit increases for existing staff. This occurs when additional funds are not available to cover the increased costs of salaries and benefits.

TRENDS – FY 2008 TO FY 2017

Over the last 10 years, actual FTE positions for State government have decreased 14.9% or 3,633.0 positions. In FY 2008, FTE positions (excluding regents) totaled 24,360.1. By the close of FY 2017, the total number of positions decreased to 20,727.1. Conversely, total personnel costs (salaries and benefits) have increased \$200.5 million (11.4%) during this same period. Total personnel costs were \$1.751 billion in FY 2008 and in FY 2017 totaled \$1.952 billion. The increase in personnel costs equates to an average annual increase of 1.2%. However, when adjusted for inflation using the Consumer Price Index (CPI), and stated in 2008 dollars, the personnel costs show a decrease of 3.7% (\$64.4 million), from \$1.751 billion in FY 2008 to \$1.687 billion in FY 2017 (**Chart 1**).

⁵ See the *Issue Review*: [Centralized Payroll Employee Costs](#) for a more in-depth explanation of the items that are included in State employee salary and benefits.



Nearly all State agencies have experienced reductions in personnel during this period, although the majority of the decline (over 90.0%) has impacted 10 agencies. Of all the agencies, the Department of Human Services (DHS) has experienced the largest reduction. In FY 2008, the DHS had a total of 5,755.2 FTE positions. By FY 2017, the number of FTEs had been reduced to 4,394.6, a decrease of nearly 24.0% or 1,360.6 positions.

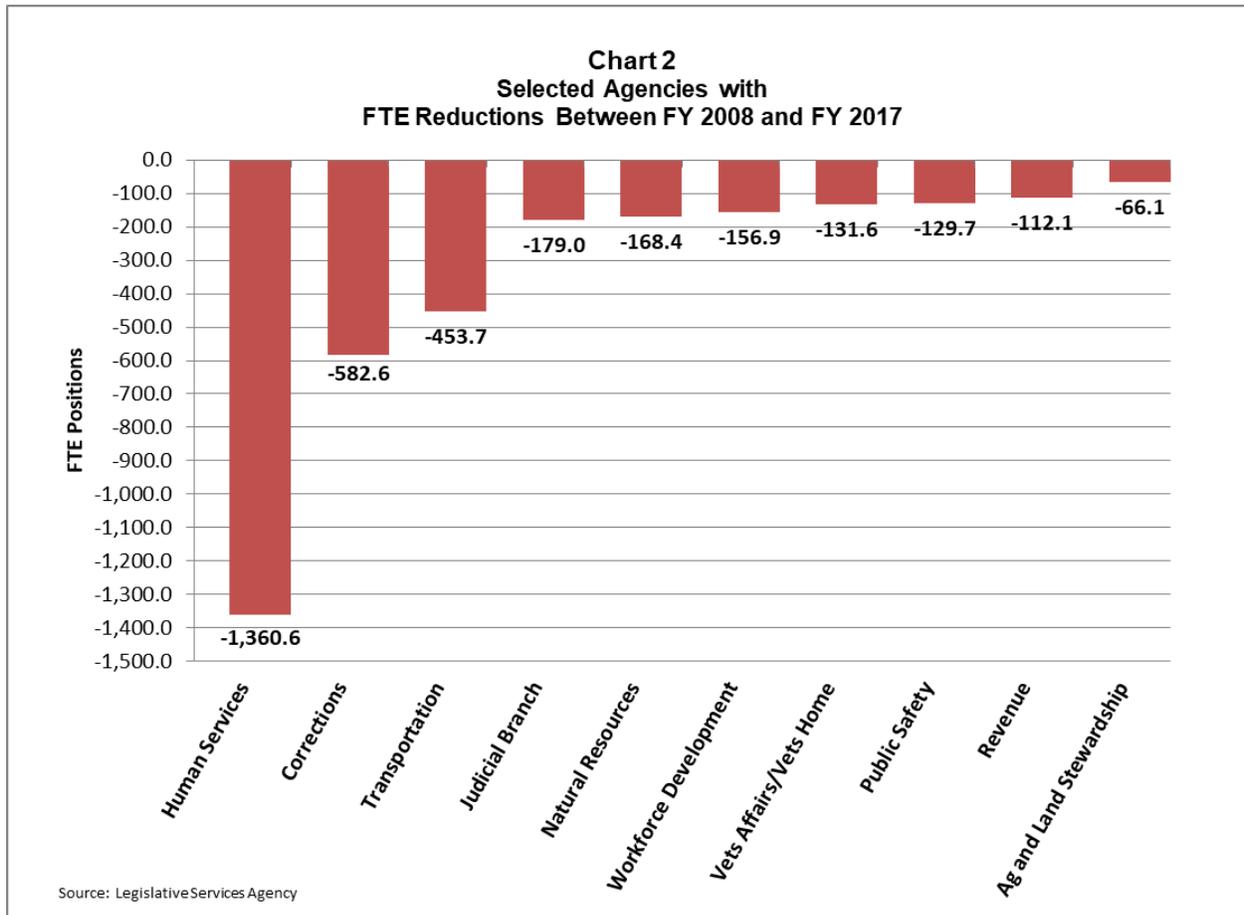
Two other departments with significant FTE reductions during this period include the Department of Corrections and the Department of Transportation. The Department of Corrections experienced a reduction of 582.6 positions (13.7%) and positions at the Department of Transportation decreased 453.7 positions (14.6%). Other notable reductions in FTE positions occurred with the Department of Revenue and the Department of Workforce Development. The Department of Revenue experienced a reduction of 112.1 positions, or nearly 29.0% from the FY 2008 level, and the Department of Workforce Development's positions declined by 156.9, or 19.4%. **Table 1** and **Chart 2** show the change in FTE positions for the State agencies from FY 2008 through FY 2017.

Attachment A includes the FTE positions and personnel costs for FY 2008 through FY 2017 for each of the agencies listed in **Table 1**.

Table 1
Selected Agencies that Experienced
Reductions in FTE Positions

Department	Actual FY 2008	Actual FY 2017	Change	Percent Change
Human Services	5,755.2	4,394.6	-1,360.6	-23.6%
Corrections	4,267.7	3,685.1	-582.6	-13.7%
Transportation	3,116.1	2,662.4	-453.7	-14.6%
Judicial Branch	1,953.7	1,774.7	-179.0	-9.2%
Natural Resources	1,115.3	946.9	-168.4	-15.1%
Workforce Development	810.0	653.1	-156.9	-19.4%
Veterans Affairs/Veterans Home	954.0	822.4	-131.6	-13.8%
Public Safety	969.0	839.3	-129.7	-13.4%
Revenue	392.7	280.5	-112.1	-28.6%
Ag and Land Stewardship	394.7	328.7	-66.1	-16.7%
Other Departments	4,631.7	4,339.3	-292.4	-6.3%
Total	24,360.1	20,727.1	-3,633.0	-14.9%

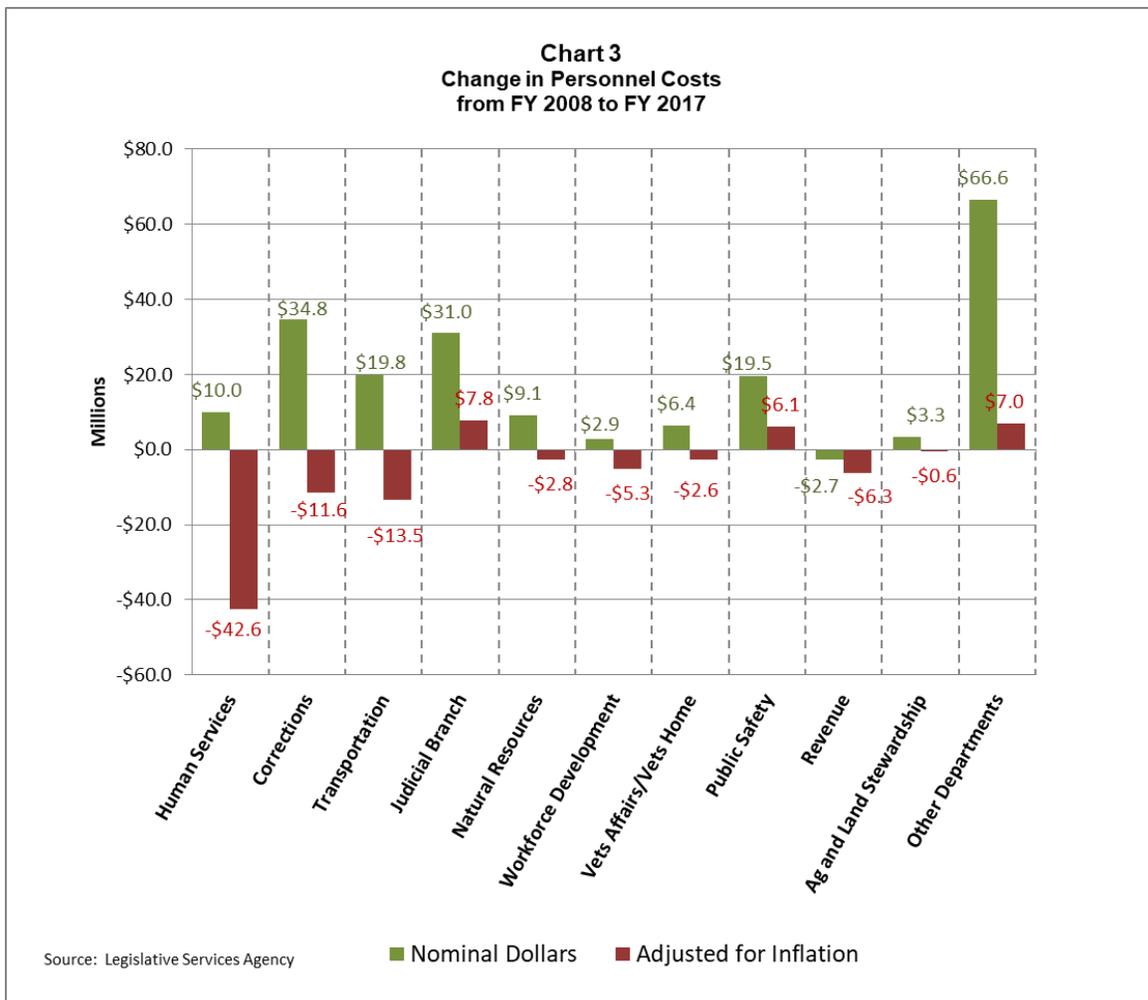
NOTE: The sum of the numbers may not equal totals due to rounding.
Source: Legislative Services Agency



As previously mentioned, from FY 2008 to FY 2017, personnel costs for all State agencies, except regents institutions, increased a total of \$200.5 million (11.4%), representing an average annual increase of 1.2%. When adjusted for inflation, personnel costs declined by 3.7%. **Table 2** and **Chart 3** depict the change in personnel costs for selected State agencies from FY 2008 to FY 2017 in nominal (actual) dollars and inflation-adjusted dollars.

Department	FY 2008	Nominal Dollars			2008 Inflation-Adjusted Dollars		
		FY 2017	Change	Percent Change	FY 2017	Change	Percent Change
Human Services	\$ 377.5	\$ 387.4	\$ 10.0	2.6%	\$ 334.8	\$ -42.6	-11.3%
Corrections	306.8	341.5	34.8	11.3%	295.2	-11.6	-3.8%
Transportation	225.4	245.2	19.8	8.8%	211.9	-13.5	-6.0%
Judicial Branch	140.2	171.2	31.0	22.1%	147.9	7.8	5.5%
Natural Resources	78.3	87.3	9.1	11.6%	75.5	-2.8	-3.6%
Workforce Development	57.4	60.2	2.9	5.0%	52.1	-5.3	-9.2%
Vets Affairs/Vets Home	59.4	65.8	6.4	10.7%	56.9	-2.6	-4.3%
Public Safety	79.5	99.0	19.5	24.6%	85.6	6.1	7.7%
Revenue	28.6	25.9	-2.7	-9.6%	22.4	-6.3	-21.9%
Ag and Land Stewardship	25.7	29.0	3.3	13.0%	25.1	-0.6	-2.4%
Other Departments	372.3	438.8	66.6	17.9%	379.3	7.0	1.9%
Total	\$ 1,751.1	\$ 1,951.6	\$ 200.5	11.4%	\$ 1,686.6	\$ -64.4	-3.7%

NOTE: The sum of the numbers may not equal totals due to rounding.
Source: Legislative Services Agency



Some of the key factors that contributed to the reduction in FTE positions include: the implementation of a 10.0% across-the-board budget reduction in October 2009, an early retirement program implemented in 2010, a change in how State employees' salary adjustment has been funded since FY 2009, and policy changes resulting in the closing of several DHS institutions. These key factors are discussed below.

Across-the-Board Reduction. In October 2009, Governor Culver implemented a 10.0% across-the-board reduction to General Fund appropriations in response to action by the Revenue Estimating Conference (REC) that lowered the FY 2010 revenue estimate by 7.1% (\$414.9 million). The revised estimate caused a projected shortfall in the FY 2010 General Fund budget of \$371.8 million.⁶ While the 10.0% across-the-board reduction brought the budget back into balance, it reduced appropriations by \$564.4 million and had a significant impact on the operating budgets of State agencies.⁷

Early Retirement (SERIP). During the 2010 Legislative Session that followed, the General Assembly enacted, and the Governor signed, [SF 2062](#) (State Employee Retirement Incentive

⁶ Fiscal Services Division, Legislative Services Agency, State of Iowa FY 2010 Year End Report on General Fund Revenues and Appropriations (December 2010), www.legis.iowa.gov/docs/publications/GFRA/402735.pdf.

⁷ David Heuton, Fiscal Services Division, Legislative Services Agency, *Issue Review: State Collective Bargaining in Iowa* (November 2014), www.legis.iowa.gov/docs/publications/IR/17614.pdf.

Program Act) into law. This Act created the State Employee Retirement Incentive Program that was designed to incentivize eligible State employees to retire with the purpose of reducing operating budgets and the State workforce. A total of 2,067 individuals participated in the SERIP Program and a total of 807 full-time positions were eliminated.⁸

Funding for Salary Increases. While the impact cannot be quantified, another factor that may have contributed to the reduction of FTE positions of nonregents agencies relates to a change in the way General Fund salary increases have been funded since FY 2009. Prior to FY 2010, the customary practice for funding annual salary and benefit increases (referred to as salary adjustment) was for the General Assembly, with approval of the Governor, to provide a separate appropriation to the Department of Management, which would then allocate the appropriated dollars to the various State agencies based on agency salary adjustment needs.

Since FY 2009, no separate appropriation for salary adjustment has been made and agencies have funded salary increases through the normal appropriation process. However, because most State agencies submit status quo budgets, the increased salary costs are generally not included in their annual budget requests. This has required many agencies to find savings within their status quo to fund the increased salary costs. The savings have been realized by holding positions vacant, layoffs, implementing efficiencies that reduce operating costs, elimination of programs, and shifting the cost of positions from the General Fund to other funding sources. In addition, some departments have been able to secure increased funding through the legislative process to assist funding increased salary costs.

Closing of State Institutions. A more recent factor associated with the reduction in FTE positions, although to a lesser extent, was policy decisions related to the closing of several institutions under the purview of the Department of Human Services. Over a two-year period (2015 and 2016), the State closed the Toledo Juvenile Home and the mental health institutes at Mount Pleasant and Clarinda. The closure of these institutions resulted in a reduction of approximately 330.8 FTE positions and \$21.8 million in personnel costs.

SUMMARY

At the close of FY 2017, the number of actual FTE positions totaled 20,727.1 for all of State government (excluding regents), representing a decrease of 3,633.0 positions, or 14.9%, compared to FY 2008. While personnel costs for all of State government increased over the last 10 years by \$200.5 million (an average annual increase of 1.2%), when adjusted for inflation, costs went down 3.7%.

The factors most likely responsible for the reduction of FTE positions and slower rate of growth in personnel costs from FY 2008 to FY 2017 include:

- Implementation of the Governor's 10.0% across-the-board reduction in October 2009.
- Implementation of the SERIP Program in 2010.
- A change in how State employee salary adjustment has been funded since FY 2009.
- Policy changes that resulted in the closing of several DHS institutions.

LSA Staff Contact: Dave Reynolds (515.281.6934) dave.reynolds@legis.iowa.gov

⁸ David Heuton, Fiscal Services Division, Legislative Services Agency, *Issue Review*: State Employee Sick Leave Benefits at Retirement (December 2014), www.legis.iowa.gov/docs/publications/IR/17553.pdf.

Attachment A

**State of Iowa
Actual FTE Positions**

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Human Services	5,755.2	5,881.5	5,594.8	5,191.8	5,133.3	5,015.1	4,832.3	4,719.9	4,489.2	4,394.6
Corrections	4,267.7	4,269.7	4,065.7	3,876.1	3,778.6	3,752.2	3,839.7	3,838.3	3,794.5	3,685.1
Transportation	3,116.1	3,125.0	3,054.3	2,881.6	2,845.0	2,784.4	2,810.4	2,768.4	2,754.9	2,662.4
Judicial Branch	1,953.7	1,921.9	1,746.6	1,756.6	1,758.8	1,772.6	1,837.4	1,849.4	1,838.5	1,774.7
Natural Resources	1,115.3	1,105.9	1,019.9	1,007.8	1,014.8	1,002.3	1,007.0	991.5	979.5	946.9
Workforce Development	810.0	818.9	888.3	880.0	797.0	734.7	674.1	649.5	654.2	653.1
Vets Affairs/Vets Home	954.0	938.5	919.6	831.4	844.2	865.6	891.7	888.5	886.4	822.4
Public Safety	969.0	997.8	961.2	940.7	928.0	905.4	879.7	875.9	869.4	839.3
Revenue	392.7	395.8	361.4	310.3	301.0	290.4	277.4	288.2	282.8	280.5
Agriculture and Land Stewardship	394.7	399.2	366.4	332.8	330.2	325.4	328.0	335.5	333.8	328.7
Other Departments	4,631.7	4,758.8	4,604.9	4,559.1	4,540.7	4,446.2	4,374.3	4,345.4	4,357.7	4,339.3
Total	24,360.1	24,613.1	23,582.9	22,568.4	22,271.7	21,894.3	21,752.0	21,550.5	21,241.0	20,727.1

NOTE: The sum of the numbers may not equal totals due to rounding.

**State of Iowa
Personnel Costs (All Funding Sources)**
(Dollars in Millions)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Human Services	\$ 377.5	\$ 400.1	\$ 391.4	\$ 379.2	\$ 387.4	\$ 396.3	\$ 394.2	\$ 395.8	\$ 379.8	\$ 387.4
Corrections	306.8	317.4	307.3	309.9	311.0	319.1	325.8	334.1	340.8	341.5
Transportation	225.4	234.2	232.4	229.0	235.0	236.4	240.7	241.4	242.9	245.2
Judicial Branch	140.2	145.7	144.0	146.8	148.6	152.4	160.0	165.5	170.3	171.2
Natural Resources	78.3	82.8	80.1	80.4	84.3	86.2	87.3	86.8	87.2	87.3
Workforce Development	57.4	60.0	65.1	66.9	63.9	62.4	58.5	57.8	58.4	60.2
Vets Affairs/Vets Home	59.4	61.5	60.8	59.4	61.2	63.3	65.1	67.7	68.5	65.8
Public Safety	79.5	84.7	83.5	85.9	89.3	91.7	93.7	94.5	97.7	99.0
Revenue	28.6	29.9	28.5	26.0	26.3	26.0	24.6	25.6	25.2	25.9
Agriculture and Land Stewardship	25.7	27.4	26.0	25.0	25.8	26.3	26.8	28.3	28.4	29.0
Other Departments	372.3	391.5	384.5	392.1	405.3	409.8	411.7	417.1	426.5	438.8
Total	\$ 1,751.1	\$ 1,835.2	\$ 1,803.7	\$ 1,800.8	\$ 1,838.2	\$ 1,870.0	\$ 1,888.5	\$ 1,914.7	\$ 1,925.8	\$ 1,951.6

NOTE: The sum of the numbers may not equal totals due to rounding.